

**MINUTES  
BOARD OF TRUSTEES OF THE  
INDIANA STATE TEACHERS' RETIREMENT FUND  
150 West Market Street, Suite 300  
Indianapolis, IN 46204**

**February 3, 2010**

**REGULAR SESSION**

**Board Members Present**

Ryan Kitchell, President  
Cari Whicker, Secretary  
Greg Hahn, Trustee  
Steve Overmyer, Trustee  
Bret Swanson, Trustee

**Others Present**

Doug Harper, Ernst & Young  
Pete Keliuotis, SIS  
Francis Marbury, Ernst & Young  
Andy Thomas, IRTA

**TRF Staff Present**

Steve Russo, Executive Director  
Erin Hankins, Executive Assistant  
Tom Davidson, General Counsel  
Andrea Unzicker, Chief Compliance Officer  
Jaclyn Brinks, Legal Services Provider  
Tim Walsh, Chief Investment Officer  
Stephen Wolff, Senior Investment Analyst  
Julia Pogue, Chief Financial Officer  
Joy Smith, Director of Administration  
Molly Deuberry, Public Relations and Communications Program Manager

The meeting was called to order at 10:02 a.m. by President Kitchell.

**I. Approval of Minutes**

**MOTION** duly made and carried to approve the minutes from the December 16, 2009 Board meeting.

**Proposed by:** *Cari Whicker*  
**Seconded by:** *Bret Swanson*  
**Votes:** *4 in favor, 0 opposed*

## II. **Risk Management Update**

Andrea Unzicker presented the risk management update and reviewed recent efforts to create a culture of risk management at TRF. Francis Marbury of Ernst & Young gave a high-level overview of risk management. Ms. Unzicker stated that staff training on risk management will take place over the next quarter and a strategic plan will be implemented over the next twelve months. Steve Russo affirmed that staff will provide a more definitive implementation plan to the Board by the end of the fiscal year.

## III. **Board Election**

Ryan Kitchell announced Don Bennett's departure from the Board and requested a motion to elect a new vice president of the Board.

**MOTION** duly made and carried to elect Greg Hahn as vice president of the Board.

*Proposed by: Cari Whicker*  
*Seconded by: Bret Swanson*  
*Votes: 4 in favor, 0 opposed*

## IV. **Annuity Savings Account (ASA) Modernization**

Steve Russo presented the ASA modernization project update. Mr. Russo reviewed ASA options currently available to members and options that will be available when the project is implemented. Mr. Russo presented a fund fact sheet template, the project schedule, and the modernization's budgetary impact.

## V. **Financial Update**

Julia Pogue presented the financial update. Ms. Pogue reviewed financial highlights for November and December of 2009, actual and forecast expenses and drivers, and administrative, project, and investment expenses. Ms. Pogue announced that staff will begin compiling the 2011 budget within the next few weeks.

## VI. **Investments Update**

Tim Walsh gave a brief overview of the defined benefit plan performance in 2009 and reviewed the public markets manager watch list. Mr. Walsh updated the Board on the hedge fund consultant search and the 2010 timeline.

### Review by General Consultant

Pete Keliuotis of Strategic Investment Solutions (SIS) analyzed manager structure, risk management, and possible transition plans to move from the existing ASA structure to the new ASA structure.

### Private Equity Consultant

Tim Walsh discussed the status of private equity and the private equity consultant search. Mr. Walsh illustrated the proposed private equity consultant structure and its resultant financial impact. Mr. Walsh and staff recommended that the Board hire SIS as primary consultant to oversee and implement the private equity allocation, pending final due diligence and legal review.

**MOTION** duly made and carried to adopt the staff recommendation that the Board hire SIS as the primary consultant to oversee and implement the private equity allocation, pending final due diligence and legal review.

*Proposed by: Greg Hahn*  
*Seconded by: Bret Swanson*  
*Votes: 5 in favor, 0 opposed*

### Guaranteed Fund

Mr. Walsh reviewed the Guaranteed Fund manager search and stated TRF's goal of removing equity exposure. Staff and SIS recommended that the Board hire BlackRock, Logan Circle, Prudential, Reams, and State Street to manage the Guaranteed Fund assets, subject to final due diligence and legal review.

**MOTION** duly made and carried to adopt the staff and SIS recommendation that the Board hire BlackRock, Logan Circle, Prudential, Reams, and State Street to manage the Guaranteed Fund assets, subject to final due diligence and legal review.

*Proposed by: Bret Swanson*  
*Seconded by: Cari Whicker*  
*Votes: 5 in favor, 0 opposed*

## VII. Executive Director's Report

Steve Russo reviewed December 2009 metrics, recent staff changes, property management, IT security, and the completion of the 2009 Consolidated Annual Financial Report (CAFR).

## VIII. Draft Agenda for Next Board Meeting

Steve Russo presented a draft agenda for the April 2010 Board meeting.

## XI. Adjournment

The meeting was adjourned at 1:58 p.m. by President Kitchell.